DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL

OIG Project No. 22-1-34MA

January 2023

OTHER POST-EMPLOYMENT BENEFITS FUND

Financial Statements
(With Independent Auditor's Report)
For Fiscal Years Ended September 30, 2022 and 2021

GUIDING PRINCIPLES

ACCOUNTABILITY ⁕ INTEGRITY ⁕ PROFESSIONALISM
TRANSPARENCY ⁕ CONTINUOUS IMPROVEMENT ⁕ EXCELLENCE

Mission

Our mission is to independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District programs and operations; and
- recommend and track the implementation of corrective actions.

Vision

Our vision is to be a world-class Office of the Inspector General that is customer-focused and sets the standard for oversight excellence!

Core Values

Accountability * Integrity * Professionalism
Transparency * Continuous Improvement * Excellence

WE ARE WASHINGTON DC

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General

OIG

January 31, 2023

The Honorable Muriel Bowser	The Honorable Phil Mendelson
Mayor of the District of Columbia	Chairman
Mayor's Correspondence Unit	Council of the District of Columbia
John A. Wilson Building	John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 316	1350 Pennsylvania Avenue, N.W., Suite 504
Washington, D.C. 20004	Washington, D.C. 20004

Dear Mayor Bowser and Chairman Mendelson:

Enclosed is the final report entitled *Other Post-Employment Benefits (OPEB) Fund Financial Statements (With Independent Auditor's Report) for Fiscal Years Ended September 30. 2022 and 2021* (OIG No. 22-1-34MA). McConnell & Jones LLP (MJ) conducted the audit and submitted this component report as part of our overall contract for the audit of the District of Columbia's general-purpose financial statements for fiscal year 2022.

On January 3, 2023, MJ issued its opinion and concluded that the financial statements are presented fairly in all material respects, in accordance with accounting principles generally accepted in the United States of America. MJ identified no material weaknesses in internal control over financial reporting.

If you have questions about this report, please contact me or Fekede Gindaba, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

Daniel W. Lucas
Inspector General

DWL/ws

Enclosure

cc: See Distribution List

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GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER
OFFICE OF FINANCE AND TREASURY

OTHER POST–EMPLOYMENT BENEFITS FUND

FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

YEARS ENDED SEPTEMBER 30, 2022 AND 2021

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER
OFFICE OF FINANCE AND TREASURY

OTHER POST–EMPLOYMENT BENEFITS FUND

SEPTEMBER 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Mayor, Members of the Council of the Government of the District of Columbia and
Inspector General of the Government of the District of Columbia
Washington, D.C.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Government of the District of Columbia Other Post-Employment Benefits Fund (the Fund), a fiduciary fund of the Government of the District of Columbia, which comprise the Statements of Fiduciary Net Position as of September 30, 2022 and 2021, and the related Statements of Changes in Fiduciary Net Position for the years then ended, and the related notes to the Fund's financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the accompanying basic financial statements referred to above present fairly, in all material respects, the financial position of the Government of the District of Columbia Other Post-Employment Benefits Fund as of September 30, 2022 and 2021, and the changes in financial position for the years then ended, in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Fund's Financial Statements section of our report. We are required to be independent of the Fund, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the financial statements of the Fund are intended to present only the financial position of the Fund and do not purport to, and do not present fairly the financial position of the Government of the District of Columbia as of September 30, 2022 and 2021, and the changes in its financial position for the years then ended, in conformity with US GAAP. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Fund's Financial Statements

Management is responsible for the preparation and fair presentation of the Fund's financial statements in accordance with US GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Fund's financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the Fund's financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the Fund's financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Fund's Financial Statements

Our objectives are to obtain reasonable assurance about whether the Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Fund's financial statements.

In performing an audit in accordance with US GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the Fund's financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Fund's financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Fund's financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

US GAAP require that the management's discussion and analysis on pages 4 through 11, schedule of changes in the net OPEB liability (asset) on page 34, schedule of contributions and related ratios on page 35, schedule of investment returns on page 36, and notes to the required supplementary information on page 37, be presented to supplement the Fund's basic financial statements. Such information is the responsibility of management and, although not a part of the Fund's basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the Fund's basic financial statements in an appropriate operational, economic, or historical context. We have applied certain

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limited procedures to the required supplementary information in accordance with US GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the Fund's basic financial statements, and other knowledge we obtained during our audit of the Fund's basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2023, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

McConnell & Jones

Washington, D.C.
January 3, 2023

The following presents our discussion and analysis of the financial performance of the Government of the District of Columbia's (the "District") Other Post-Employment Benefits Fund ("OPEB" or the "Fund"), a fiduciary fund of the District, for the fiscal years ended September 30, 2022 and 2021. This discussion and analysis should be read in conjunction with the financial statements and notes to financial statements.

All employees hired after September 30, 1987, who retired under the Teacher Retirement System or Police and Fire Retirement System, or who are eligible for retirement benefits under the Social Security Act, are eligible to participate in the Fund.

Overview of the Financial Statements

The Fund is required to follow U.S. Generally Accepted Accounting Principles and, as such, the Fund's financial statements consist of two basic financial statements: (a) Statement of Fiduciary Net Position and (b) Statement of Changes in Fiduciary Net Position.

- The Statement of Fiduciary Net Position presents the Fund's assets, liabilities, and net position available for postretirement benefits.
- The Statement of Changes in Fiduciary Net Position presents the additions to, and deductions from, the Fund's net position.
- The Notes to Financial Statements provide additional information that is essential for a full understanding of the financial statements. The notes are an integral part of the financial statements and include detailed information not readily evident in the basic financial statements, such as accounting policies, plan membership and benefits, and summary disclosures of selected financial data.
- The Required Supplementary Schedules immediately following the Notes to Financial Statements provide information illustrating the Schedule of Changes in Net OPEB Liability (Asset), Schedule of Contributions and Related Ratios and Schedule of Investment Returns.

The financial statements reflect the requirements of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* which addresses accounting and financial reporting issues related to measurement of the total and net OPEB liability, as well as financial reporting by plans that administer OPEB benefits on behalf of governments.

Financial Highlights

	Fiscal Year Ended September 30,		
	2022	**2021**	**2020**
The Fund's Investment	$1,604,832,700	$1,977,832,527	$1,553,924,348
District's Contributions	$ 53,000,000	$ 53,600,000	$ 47,300,000

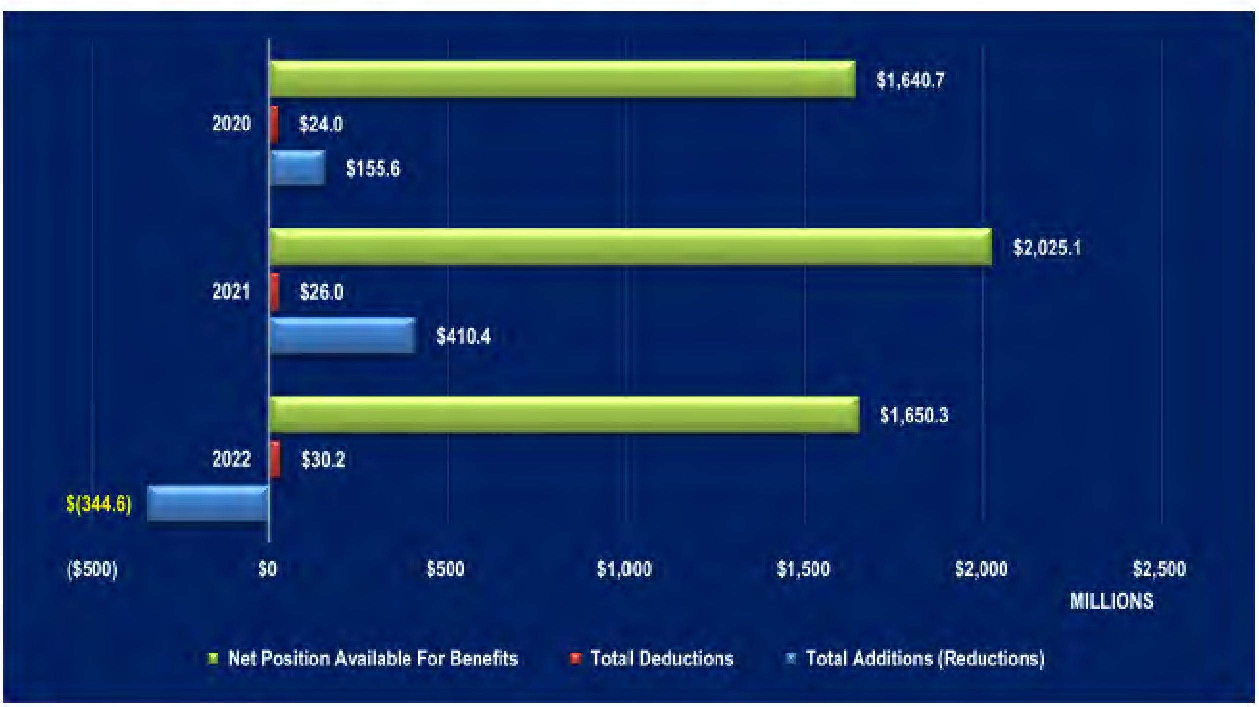
Table 1 – Condensed Statements of Fiduciary Net Position as of September 30, 2022, 2021, and 2020

			FY 2022 – FY 2021			FY 2021 – FY 2020	
	2022	2021	Variance	Variance %	2020	Variance	Variance %
Assets							
Cash and Cash Equivalents	$ 56,649,863	$ 57,133,502	$ (483,639)	(0.8%)	$ 89,494,072	$ (32,360,570)	(36.2%)
Receivables	15,766,963	11,942,263	3,824,700	32.0%	13,738,085	(1,795,822)	(13.1%)
Investments, at fair value	1,604,832,700	1,977,832,527	(372,999,827)	(18.9%)	1,553,924,348	423,908,179	27.3%
Total Assets	1,677,249,526	2,046,908,292	(369,658,766)	(18.1%)	1,657,156,505	389,751,787	23.5%
Liabilities							
Investments and Other Payable	26,962,373	21,846,384	5,115,989	23.4%	16,474,998	5,371,386	32.6%
Net Position Restricted for Other Post-Employment Benefits	$1,650,287,153	$ 2,025,061,908	$(374,774,755)	(18.5%)	$1,640,681,507	$ 384,380,401	23.4%

Table 2 – Condensed Statements of Changes in Fiduciary Net Position for Fiscal Years Ended September 30, 2022, 2021 and 2020

			FY 2022 – FY 2021			FY 2021 – FY 2020	
	2022	2021	Variance	Variance %	2020	Variance	Variance %
(Reductions)/Additions							
Contributions	$ 54,280,033	$ 54,516,183	$ (236,150)	(0.4%)	$ 48,189,387	$ 6,326,796	13.1%
Net Investment Income	(398,892,806)	355,888,055	(754,780,861)	(212.1%)	107,411,644	248,476,411	231.3%
Total (Reductions)/Additions	(344,612,773)	410,404,238	(755,017,011)	(184.0%)	155,601,031	254,803,207	163.8%
Deductions							
Insurance Premiums	29,287,583	25,352,804	3,934,779	15.5%	23,436,697	1,916,107	8.2%
Administrative Expenses	874,399	671,033	203,366	30.3%	585,098	85,935	14.7%
Total Deductions	30,161,982	26,023,837	4,138,145	15.9%	24,021,795	2,002,042	8.3%
Net (Decrease)/Increase	(374,774,755)	384,380,401	(759,155,156)	(197.5%)	131,579,236	252,801,165	192.1%
Beginning Net Position	2,025,061, 908	1,640,681,507			1,509,102,271		
Ending Net Position	$ 1,650,287,153	$ 2,025,061,908			$1,640,681,507		

A summary of the statements' key financial highlights is shown below.



Financial Analysis – Fiduciary Net Position

Fiscal Year 2022

The Fund's investments decreased by $373.0 million or 18.9%, from the prior fiscal year. Cash and cash equivalents decreased by $0.5 million or 0.8% from the prior fiscal year. The overall change in investments and cash and cash equivalents is primarily due to net investment loss of $398.9 million during fiscal year 2022. Market conditions were less favorable during fiscal year 2022 compared to 2021; and as a result, twelve (12) of fourteen (14) investment funds had negative rates of return. As of September 30, 2022, the funds were invested in equities, (60.12%); debt securities, (36.26%); and commodities, (3.62%).

Receivables increased by $3.8 million or 32.0% over the prior fiscal year primarily due to an increase in receivables from investment sales at the end of the year.

Investments and other payables increased by $5.1 million or 23.4% over the prior fiscal year primarily because of increases in trades payable at the end of the year. Management and other fees payable also increased over the prior fiscal year.

Fiscal Year 2021

The Fund's investments increased by $423.9 million or 27.3%, over the prior fiscal year. Cash and cash equivalents decreased by $32.4 million or 36.2% over the prior fiscal year. The overall change in investments and cash and cash equivalents is primarily due to net investment income of $355.9 million and the excess of contributions over deductions of $28.5 million during fiscal year 2021. Market conditions were more favorable during fiscal year 2021 compared to 2020; and as a result, twelve (12) of fourteen (14) investment funds had positive rates of return. As of September 30, 2021, the funds were invested in equities, (61.73%); debt securities, (32.93%); and commodities, (2.53%).

Receivables decreased by $1.8 million or 13.1% over the prior fiscal year primarily due to a decrease in receivables from investment sales at the end of the year.

Investments and other payables increased by $5.4 million or 32.6% over the prior fiscal year primarily because of increases in trades payable at the end of the year. Management and other fees payable also increased over the prior fiscal year.

Fiscal Year 2020

The Fund's investments increased by $149.5 million or 10.6%, over the prior fiscal year. Cash and cash equivalents decreased by $21.7 million or 19.5% over the prior fiscal year. The overall change in investments and cash and cash equivalents is primarily due to net investment income of $107.4 million and the excess of contributions over deductions of $24.2 million during fiscal year 2020. Market conditions were more favorable during fiscal year 2020 compared to 2019; and as a result, ten (10) of fifteen (15) investment funds had positive rates of return. As of September 30, 2020, the funds were invested in equities, (61.55%); debt securities, (30.78%); and commodities, (2.23%).

Receivables increased by $8.6 million or 169.9% over the prior fiscal year primarily due to an increase in receivables from investment sales at the end of the year. There was a marginal increase in interest and dividends receivable over the prior fiscal year.

Investments and other payables increased by $4.9 million or 41.7% over the prior fiscal year primarily because of increases in trades payable at the end of the year, which was reduced by decreases in management and other fees payable over the prior fiscal year.

Financial Analysis – Changes in Fiduciary Net Position

Fiscal Year 2022

Reductions to the Fund decreased by $755.0 million or 184.0%, from the prior fiscal year because of a decrease in contributions of $.2 million and net investment loss of $754.8 million. Deductions from the Fund increased by $4.1million or 15.9%, over the prior fiscal year, primarily because of an increase in insurance premiums and administrative expenses. A detailed analysis of the major components of additions and deductions are provided below.

Fiscal Year 2021

Additions to the Fund increased by $254.8 million or 163.8%, over the prior fiscal year because of an increase in contributions of $6.3 million and net investment income of $248.5 million. Deductions from the Fund increased by $2.0 million or 8.3%, over the prior fiscal year, primarily because of an increase in insurance premiums and administrative expenses. A detailed analysis of the major components of additions and deductions are provided below.

Fiscal Year 2020

Additions to the Fund increased by $88.1 million or 130.6%, over the prior fiscal year because of an increase in contributions of $1.4 million and net investment income of $86.8 million. Deductions from the Fund increased by $3.6 million or 17.7%, over the prior fiscal year, primarily because of an increase in insurance premiums. A detailed analysis of the major components of additions and deductions are provided below.

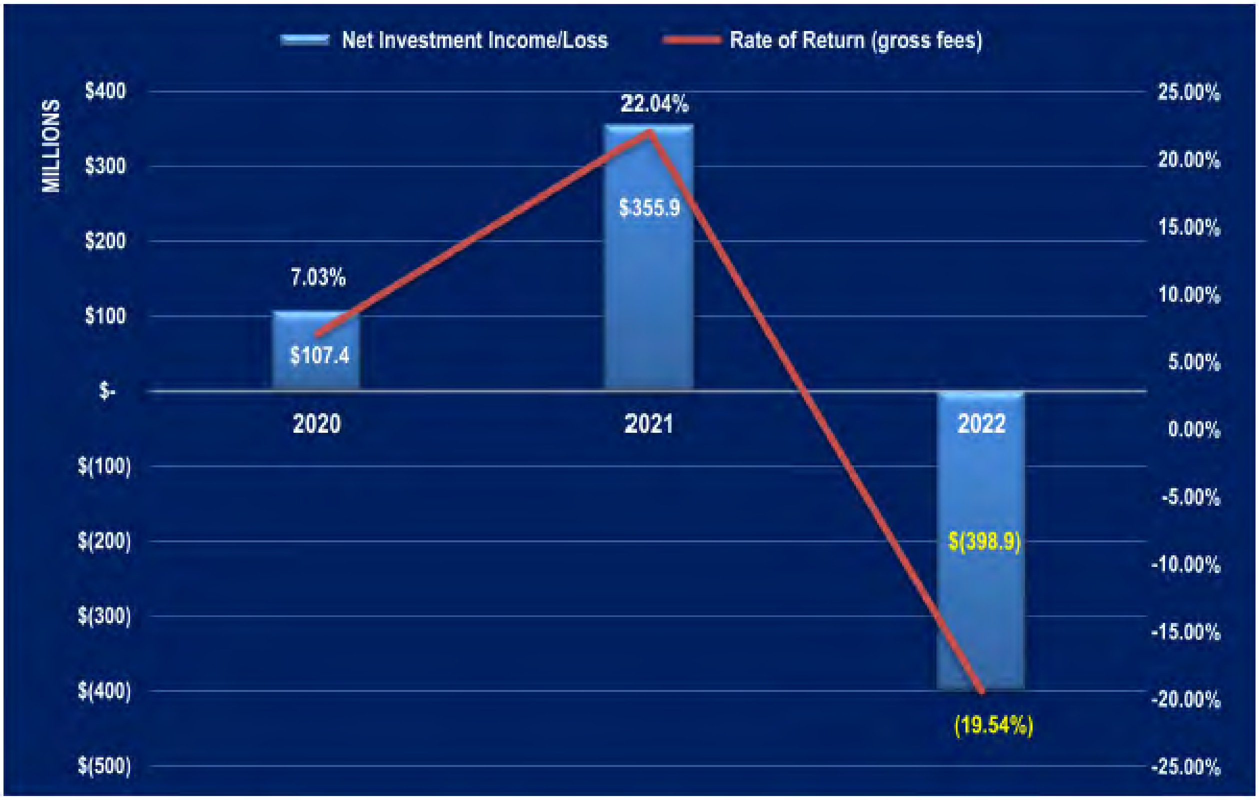
Fund Contributions

For fiscal years ended September 30, 2022, 2021 and 2020, the District made actuarially based contributions in the amounts of $53,000,000, $53,600,00, and $47,300,000, respectively; which were based on congressionally approved budget authority. The District made contributions to the Fund that covered current and future Fund benefits. Annuitant contributions for years ended September 30, 2022, 2021 and 2020, amounted to $1,280,033, $916,183, and $889,387, respectively.

Investment Income

For fiscal years ended September 30, 2022, 2021 and 2020, the Fund had a rate of return (gross of fees) of (19.54%), 22.04%, and 7.03%, respectively, and net investment (loss)/income of $(398,892,806), $355,888,055, and $107,411,644, respectively. The Fund's net investment loss for fiscal year 2022 was a result of negative rates of returns on all funds except Gresham Strategic Commodities Fund, and Northern Trust Company Cash Fund, which had positive returns of 12.66% and 0.58%, respectively.

The rate of return (gross of fees) and net investment income of the Fund for the past three years, are listed in the table below.



The rate of return (ROR), by investment fund manager, is listed in the table below.

Investment	ROR 2022	Benchmark 2022	ROR 2021	Benchmark 2021	ROR 2020	Benchmark 2020
Access Capital ETI	(13.43%)	(13.79%)	(0.37%)	(0.35%)	4.13%	4.52%
Artisan International Value Equity	(17.75%)	(19.62%)	35.50%	31.43%	(3.90%)	(11.45%)
Baillie Gifford International Growth Equity	(46.30%)	(30.06%)	13.43%	21.25%	54.05%	13.81%
Bernstein Global Plus	(25.67%)	(24.77%)	0.52%	(1.15%)	5.03%	5.48%
Bernstein Strategic Core - Plus	(14.91%)	(14.60%)	0.64%	(0.90%)	7.16%	6.98%
BlueBay Emerging Market Bond	(22.82%)	(22.45%)	2.20%	3.52%	(1.40%)	(0.02%)
Brandywine Large Cap Value	(9.79%)	(11.36%)	45.93%	35.01%	(0.01%)	(5.03%)
ClearBridge Mid Cap Core	(23.34%)	(19.39%)	42.81%	38.11%	6.35%	4.55%
Farr, Miller Washington Large Cap Growth**	N/A**	N/A**	N/A**	N/A**	3.20%	23.28%
Gresham Strategic Commodities Fund	12.66%	(11.80%)	40.92%	42.29%	(9.44%)	(8.20%)
Northern Trust Company Cash Fund	0.58%	0.62%	0.01%	0.07%	0.77%	1.10%
SSgA U.S. Aggregate Bond Index Fund	(14.61%)	(14.60%)	(0.85%)	(0.90%)	7.03%	6.98%
SSgA Emerging Market Index Fund	(28.02%)	(28.11%)	17.98%	18.20%	10.51%	10.54%
SSgA Russell 1000 Growth Fund**	(22.57%)	(22.59%)	27.32%	27.32%	(3.57%)	(3.56%)
SSgA Russell 2000 Index Fund	(23.38%)	(23.50%)	47.74%	47.68%	0.41%	0.39%

** Farr, Miller Washington Large Cap Growth was terminated, and SSgA Russell 1000 Growth Fund commenced, in August 2020.

In 2022, twelve (12) of fourteen (14) investment funds had negative rates of return: led by Ballie Gifford International Growth Equity, (46.30%); SSgA Emerging Market Index Fund, (28.02%); Bernstein Global Plus, (25.67%); SSgA Russell 2000 Index Fund, (23.38%); ClearBridge Mid Cap Core, (23.34%); and BlueBay Emerging Market Bond, (22.82%). The Fund had dividend and interest income in the amount of $17,314,287, a net depreciation in fair value of investments for $(413,322,162), and a currency gain on FX contracts and settlements of $1,244,902 for the year ended September 30, 2022.

In 2021, twelve (12) of fourteen (14) investment funds had positive rates of return: led by SSgA Russell 2000 Index Fund, 47.74%; Brandywine Large Cap Value, 45.93%; ClearBridge Mid Cap Core, 42.81%; Gresham Strategic Commodities Fund, 40.92%; and Artisan International Value Equity, 35.50%. The Fund had dividend and interest income in the amount of $16,977,189, a net appreciation in fair value of investments for $341,417,106, and a currency gain on FX contracts and settlements of $1,582,182 for the year ended September 30, 2021.

In 2020, ten (10) of fifteen (15) investment funds had positive rates of return: led by Baillie Gifford International Growth Equity, 54.05%; SSgA Emerging Market Index Fund, 10.51%; Bernstein Strategic Core - Plus, 7.16%; SSgA U.S. Aggregate Bond Index Fund, 7.03%; and ClearBridge Mid Cap Core, 6.35%. The Fund had dividend and interest income in the amount of $22,242,582, a net appreciation in fair value of investments for $90,596,004, and a currency loss on FX contracts and settlements of $(1,712,999) for the year ended September 30, 2020.

Insurance Carrier Premiums

Insurance carrier premiums represent amounts paid to the Fund's health and life insurance carriers. The premium expenses for the years ended September 30, 2022, 2021, and 2020 totaled $29,287,583, $25,352,804, and $23,436,697, respectively. The Defined Benefit Fund insurance premiums for the years ended September 30, 2022, 2021 and 2020 totaled $26,321,208, $22,970,490 and $21,198,871, respectively. All remaining insurance premiums are attributable to general employee retirees. The insurance premiums increased in fiscal year 2022, when compared to 2021, and 2020, due to rising national health care costs. The rising costs resulted in an increase in coverage cost for District employees. As of September 30, 2022, 2021 and 2020, the Fund had 3,172, 2,805, and 2,551, annuitants receiving benefits, respectively.

Administrative Expenses

Administrative expenses increased by $0.2 million or 30.3% over the prior fiscal year because of an increase in general administrative expenses incurred by the Fund. Administrative expenses include the cost of certain administrative services the District provides to the Trust as well as annual actuarial, accounting, audit and certain investment services fees.

Summary of Actuarial Analysis

An independent actuary was retained by the District, to perform an actuarial valuation of the District of Columbia Annuitants' Post Retirement Life and Health Plan (the Plan) as of September 30, 2022. The purpose of the valuation was to provide an estimate of the total OPEB liability and the Fund's fiduciary net position.

The results of the actuarial analysis are summarized below:

	September 30, 2022	September 30, 2021
Total OPEB Liability	$1,823,480,465	$1,711,707,372
Fund Fiduciary Net Position	1,650,287,153	2,025,061,908
Net OPEB Liability (Asset)	$ 173,193,312	$ (313,354,536)
Fund Fiduciary Net Position as a Percentage of the Total OPEB Liability	90.50%	118.31%

Actuarial valuations of an ongoing Fund involve estimates of the value of reported amounts, and assumptions about the probability of occurrence of events far into the future. An example includes assumptions about future employment, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations, and new assumptions are made about the future.

The District executed an experience study during fiscal year 2021. The study examined participation assumptions for the Fund. The number of current retirees under the Fund is quite small because the benefit is only available to retirees who were hired by the District after September 30, 1987. Since there is currently not substantial participation experience, the participation assumption chosen for valuations prior to the 2014 valuation purposely contained a large to scale margin when compared to current actual rates of participation. The District will continue to track actual rates of participation in the future, and will continue to compile participation data so that updated analyses of participation rates can be made as part of future valuations. The District will plan to maintain a funding ratio between 90% and 120% indicating that the plan is fully funded.

The actuarial calculations included actual retired annuitants and potential annuitants employed with the District. The actuarial valuations for fiscal years 2022 and 2021, were based on annuitant data as of September 30, 2021 and 2020, and were as follows:

	September 30,	
	2021	2020
Retired Annuitants *(included those who received benefits)*:		
Firefighters, Police Officers and Teachers	1,849	1,647
General Employees	264	224
	2,113	1,871
Potential Annuitants *(in active employment with the District)*	27,529	27,115

Investment Management and Custody Fees

Investment management and custody fees for the years ended September 30, 2022, 2021 and 2020, are detailed in the table below. Investments decreased to $1,604,832,700 as of September 30, 2022 from $1,977,832,527 as of September 30, 2021, and from $1,553,924,348 as of September 30, 2020, which is a decrease of 18.9% over the prior year, and an increase of 3.3% over the past two years.

Investment Firm *(In dollars)*	**2022**	**2021**	**2020**
Farr, Miller Washington Large Cap Growth**	$ -	$ -	$ 1,155,592
Brandywine Large Cap Value	1,115,452	1,092,606	853,531
ClearBridge Mid Cap Core	1,043,161	1,066,677	788,677
Bernstein Global Plus	401,879	445,596	420,607
Bernstein Strategic Core – Plus	389,905	421,499	409,128
SSgA Emerging Market Index Fund	-	113,157	117,157
SSgA Russell 1000 Growth Fund**	-	74,591	7,311
SSgA Russell 2000 Index Fund	-	38,771	38,352
SSgA U.S. Aggregate Bond Index Fund	-	35,892	32,634
Subtotal Management Fees from Investment Managers	2,950,397	3,288,789	3,822,989
AON Outsourced Chief Investment Officer (CIO) Fees*	1,181,450	801,739	-
Northern Trust Company Custody Fees	260,608	279,888	261,173
Subtotal Management and Custody Fees	4,392,455	4,370,416	4,084,162
Management Fees from Net Asset Valuation			
Access Capital ETI	129,704	182,089	169,253
BlueBay Emerging Market Bond	247,261	282,535	208,833
Gresham Strategic Commodities Fund	444,556	336,042	275,415
Baillie Gifford International Growth Equity	796,547	1,409,573	950,581
Artisan International Value Equity	787,907	907,536	709,445
Subtotal Management Fees from Net Asset Valuation	2,405,975	3,117,775	2,313,527
Total Investment Management and Custody Fees	$ 6,798,430	$ 7,488,191	$ 6,397,689

* AON outsourced CIO services commenced, in January 2021.
** Farr, Miller Washington Large Cap Growth was terminated, and SSgA Russell 1000 Growth Fund commenced, in August 2020.

Note: Management fees paid from the net asset valuation are shown as part of the net (depreciation) appreciation in fair value of investments in the Statement of Changes in Fiduciary Net Position.

Contact Information

This financial report is designed to provide a general overview of the Fund's finances. Questions concerning any information provided in this report, or requests for additional financial information, should be addressed to the Office of the Chief Financial Officer (Office of Finance and Treasury); Government of the District of Columbia; 1101 4th Street SW, 8th Floor, Washington, D.C., 20024.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OTHER POST-EMPLOYMENT BENEFITS FUND
STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	$ 56,649,863	$ 57,133,502
Receivables		
Investment Sales and Other	13,198,413	9,333,989
Interest and Dividends	2,568,550	2,608,274
Total Receivable	15,766,963	11,942,263
Investments		
Equities	964,758,775	1,256,183,115
Debt Securities	581,958,291	670,064,459
Commodities	58,115,634	51,584,953
Total Investments	1,604,832,700	1,977,832,527
Total Assets	1,677,249,526	2,046,908,292
LIABILITIES		
Investment Purchases and Other	25,967,222	20,515,872
Investment Management and Administrative Fees	995,151	1,330,512
Total Liabilities	26,962,373	21,846,384
Net Position Restricted for Other Post-Employment Benefits	$1,650,287,153	$2,025,061,908

The accompanying notes are an integral part of these financial statements.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OTHER POST-EMPLOYMENT BENEFITS FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
ADDITIONS/(REDUCTIONS)		
Contributions		
District Contributions	$ 53,000,000	$ 53,600,000
Annuitant Contributions	1,280,033	916,183
Total Contributions	54,280,033	54,516,183
Investment Income (Loss)		
Net (Depreciation) Appreciation in Fair Value of Investments	(413,322,162)	341,417,106
Interest	7,790,208	8,549,598
Dividends	9,524,079	8,427,591
Net Currency Gain on FX Contracts and Settlements	1,244,902	1,582,182
Other Income	262,622	281,994
Total (Loss) Income from Investment Activities	(394,500,351)	360,258,471
Less: Investment Management Fees	4,392,455	4,370,416
Net Investment (Loss) Income	(398,892,806)	355,888,055
Total Additions (Reductions)	(344,612,773)	410,404,238
DEDUCTIONS		
Insurance Carrier Premiums	29,287,583	25,352,804
Administrative Expenses	874,399	671,033
Total Deductions	30,161,982	26,023,837
Changes in Fund Net Position	(374,774,755)	384,380,401
Net Position Restricted for Other Post-Employment Benefits		
Beginning of the Year	2,025,061,908	1,640,681,507
End of the Year	$1,650,287,153	$2,025,061,908

The accompanying notes are an integral part of these financial statements.

NOTE 1 FUND DESCRIPTION AND CONTRIBUTIONS

The Government of the District of Columbia (the District) established the Other Post-Employment Benefits fund ("OPEB" or the "Fund") on October 1, 1999, under the Annuitants' Health and Life Insurance Employer Contribution Amendment Act of 1999 (the "Act"). The Fund was established to receive the District's contributions for health and life insurance premiums, from which the District's contributions would be paid. The Fund is managed and administered jointly by the District's Office of Finance and Treasury (OFT), within the District's Office of the Chief Financial Officer; and the District's Office of Human Resources, pursuant to the terms of the Plan. The Fund is a fiduciary fund of the District.

The Fund is a single employer defined benefit fund. As of September 30, 2009, the District finalized all the terms and provisions of the Fund. A trust agreement, dated September 30, 2006, designated the Chief Financial Officer of the District as the trustee of the Fund. The Trust became operational in 2007; and is administered as an irrevocable trust, through which assets are accumulated, and benefits are paid as they become due, in accordance with the Fund's plan document.

The District established an Advisory Committee to advise the Office of Finance and Treasury on the administration and investment management of the Fund. The Committee consists of the following members: four appointed by the Chief Financial Officer (CFO); one appointed by the Mayor; one appointed by the Council; and one member who is either a member of the District of Columbia Retirement Board (DCRB) or a member of DCRB's professional staff.

The current advisory committee consists of the following members:

- Director, District of Columbia Department of Human Resources
- Executive Director, District of Columbia Retirement Board
- Chief Education Officer, Municipal Securities Rulemaking Board
- Deputy Director, Division of Finance, Federal Deposit Insurance Corporation
- Director, Office of Revenue and Analysis
- President, BDB Investment Partnership
- Chief Financial Officer, District of Columbia Water and Sewer Authority

Fund Description

The Fund is a single employer defined benefit fund that provides health and life insurance benefits to retired eligible District employees. All employees hired after September 30, 1987, who retired under the Teachers' Retirement System or Police and Fire Retirement System, or who are eligible for retirement benefits under the Social Security Act, are eligible to participate in the Fund. The Fund was established to hold and pay the District's contributions for health and life insurance for annuitants. The purpose of the Fund (as defined in Section 1.02 of the Plan) is to manage and administer the Fund for the benefit of annuitants, as provided in the Act.

NOTE 1 – FUND DESCRIPTION AND CONTRIBUTIONS (CONTINUED)

To continue insurance benefits into retirement, employees must have been continuously enrolled (or covered as a family member) under the D.C. Employees Health Benefits (DCEHB) program, or the D.C. Employees Group Life Insurance (DCEGLI) program for five years prior to retirement. If the employee was employed less than five years, the employee must have been enrolled for his/her length of employment. Coverage under Medicare is not considered in determining continuous coverage. Dependents are also covered if the employee elects family coverage.

As of September 30, 2022 and 2021, the Fund had 3,172 and 2,805 annuitants (inactive plan members), respectively, currently receiving benefits, respectively. The fiscal year 2022 annuitants were comprised of 2,642 Firefighters, Police, and Teachers; and 530 General Employees. The fiscal year 2021 annuitants were comprised of 2,354 Firefighters, Police, and Teachers; and 451 General Employees. The premium expenses for the fiscal years ended September 30, 2022 and 2021, totaled $29,287,583 and $25,352,804, respectively. The insurance premiums attributable to Police, Firefighter, and Teacher retirees for the fiscal years 2022 and 2021 totaled $26,321,208 and $22,970,490, respectively. All remaining insurance premiums are attributable to General Employee retirees.

The actuarial valuation for the fiscal year ended September 30, 2022 was based on the actuarial valuation performed as of September 30, 2021. The actuarial report showed that there was a total of 2,113 retired participants. They consisted of 1,849 Firefighters, Police, and Teachers; and 264 General Employees.

The actuarial valuation for the fiscal year ended September 30, 2021 was based on the actuarial valuation performed as of September 30, 2020. The actuarial report showed that there was a total of 1,871 retired participants. They consisted of 1,647 Firefighters, Police, and Teachers; and 224 General Employees.

Contributions

Cost sharing arrangements for annuitants vary depending on whether the employee was a General Employee, Teacher, Police Officer or Firefighter. For General Employees and Teachers, annuitants with at least 10 years of creditable District service, but less than 30 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the annuitant is 75%, reduced by an additional 2.50% for each year of creditable service over 10 years up to a maximum of 20 such additional years. Thus, the District's contribution shall not exceed 75% of the cost of the selected health benefit plan. For annuitants with 30 or more years of creditable District service, the District pays 75% of the cost of the selected health benefit plan and the annuitant pays 25% of the cost of the selected health benefit plan.

Covered family members of General Employees and Teacher annuitants with at least 10 years of creditable District service, but less than 30 years of creditable District service pay a percentage of their health insurance premiums, and the District pays the remainder. The percentage paid by the covered family member is 80%, reduced by an additional 1.00% for each year of creditable District service over 10 years up to a maximum of 20 such additional years. Thus, the District's contribution shall not exceed 40% of the cost of the selected health benefit plan for covered family members of an annuitant with 30 or less years of creditable District service; and the family members of an annuitant with 30 or more years of creditable District service pays up to 60% of the cost of the selected health benefit plan.

NOTE 1 – FUND DESCRIPTION AND CONTRIBUTIONS (CONTINUED)

For Police Officers and Firefighters, annuitants with at least 10 years of creditable District service, but less than 25 years of creditable District service pay a percentage of their health insurance premiums, and the District pays the remainder. The percentage paid by the annuitant is 70%, reduced by an additional 3.00% for each year of creditable service over 10 years up to a maximum of 15 such additional years. Thus, the District's contribution shall not exceed 75% of the cost of the selected health benefit plan. For annuitants with 25 or more years of creditable District service or Police Officer or Firefighter annuitants who are injured in the line of duty, the District pays 75% of cost of the selected health benefit plan and the annuitant pays 25% of the cost of the selected health benefit plan. Special rules apply for Police Officers and Firefighters who were hired before November 10, 1996.

Covered family members of Police Officers and Firefighter annuitants with at least 10 years of creditable District service, but less than 25 years of creditable District service pay a percentage of their health insurance premiums, and the District pays the remainder. The percentage paid by the covered family members is 75%, reduced by an additional 3.00% for each year of creditable District service over 10 years. However, the portion paid by the covered family member is never less than 40% and the District's contribution shall not exceed 60% of the cost of the selected health benefit plan. Covered family members of Police Officers or Firefighters who were hired before November 10, 1996 pay 40% of the cost of the selected health benefit.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- ***Basis of Presentation***
  The accompanying financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

- ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***
  The Fund's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. The Fund's policy is to recognize member contributions in the period in which the contributions are due and paid. The District's (employer) contributions to the Fund are recognized when due, and when the District has made a formal commitment to provide the contributions. Benefit related expenses and refunds are recognized when due and payable, in accordance with the terms of the Fund. Most administrative costs (employee salaries) of the Fund are paid by the District.

- ***Use of Estimates***
  The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and change therein, as of the date of the financial statements; as well as the actuarial present value of accumulated benefits during the reporting period. Actual results could differ from these estimates. Further actuarial valuations of an ongoing benefits fund involve estimates of the value of reported amounts, and assumptions about the probability of occurrence of events far into the future.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Examples include assumptions about future employment, mortality, interest rates, inflation rates, and healthcare cost trends. Amounts determined regarding the funded status of the Fund and the annual required contributions of the District are subject to continual revision, as actual results are compared with past expectations and new assumptions are made about the future.

- ***Investment Valuation and Income Recognition***
  Investments are reported at fair value, with realized and unrealized gains and losses included in the Statements of Changes in Fiduciary Net Position. GASB issued Statement 40, *Deposit and Investment Risk Disclosures,* provides disclosure guidance requirements on deposits and investments of state and local governments that are exposed to investment risks related to credit risk, concentration of credit risks, interest rate risk, and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates.

  In addition, deposits that are not covered by depository insurance and are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's agent, but not in the depositor-government's name, are part of the requirements of this Statement.

  Also, investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty; or (b) the counterparty's trust department or agent, but not in the government's name, are also part of the requirements of Statement 40. See Note 5 for the related deposits and investment risk disclosures.

- ***Fair Value Measurements***
  OFT is responsible for the oversight of the investments of Fund assets, and has established the Plan to guide the administration and management of the Fund. The duties and responsibilities of the OFT also include, but are not limited to, the financial administration and management of the Fund, the establishment of investment objectives, the determination of investment policies, the establishment of management policies, and the management and control of Fund assets. Fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, inputs are observable for similar transactions or the inputs are unobservable. However, the objective of fair value measurement in all cases is to determine the price at which an orderly transaction to sell assets or to transfer liability would take place between market participants at the measurement date under current market conditions. The Trustee has delegated to each investment firm the responsibility to determine the fair value of an investment security when a price is not available from a pricing service or broker-dealer. Aon Investments, USA ("Aon") was hired as an Outsourced Chief Investment Officer ("OCIO") for the Fund. Aon provides investment consulting advice on asset allocation and policy-related decisions to the Deputy CFO and Treasurer of the OFT. As an OCIO, Aon assumes responsibility for implementation of the investment portfolio within the guidelines approved in the Investment Policy Statement. These activities include, but are not limited to, rebalancing, investment manager structure, investment manager search, retention and monitoring,

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

as well as performance reporting. Aon meets with the OFT on a regular basis to report on and review the OPEB Fund's performance and compliance with the Investment Policy Statement. The investment firm's Portfolio Management and Performance Committee (Valuation Committee) is responsible for determining whether the price provided by a pricing service or broker-dealer does not approximate fair value.

Accounting principles generally accepted in the United States requires a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

… Level 1 – observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date.

… Level 2 – inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly (for example, quoted prices for similar assets or liabilities in active markets).

… Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement (including the District's own assumptions in determining the fair value of investments).

Recent Accounting Pronouncements

- **Pronouncement Adopted**

  GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* Except for the requirements in paragraph 4 of this Statement, which were effective immediately upon issuance, the other requirements are effective for fiscal years beginning after June 15, 2021. The Fund implemented the statement in fiscal year 2022. The adopted pronouncement did not have a material effect on the financial statements.

- **Pronouncements to be Adopted**

  GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* effective for fiscal years beginning after June 15, 2022 (year ending September 30, 2023). This Statement provides guidance on financial reporting for public-private and public-public partnerships arrangements (PPP), as well as accounting and financial reporting for availability payment arrangements (APAs). The Fund is evaluating the impact that will result from adopting the GASB statement and will adopt the GASB statement, as applicable, by its effective date.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* effective for fiscal years beginning after June 15, 2022 (year ending September 30, 2023). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Fund is evaluating the impact that will result from adopting the GASB statement, but does not expect that the GASB statement will have a material effect on the financial statements. The Fund will adopt the GASB statement, as applicable, by its effective date.

GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62* effective for fiscal years beginning after June 15, 2023 (year ending September 30, 2024). The objective of this Statement is to provide guidance on the enhancement of accounting and financial reporting requirements relating to accounting changes to base them on qualitative characteristics, such as understandability, reliability, relevance, timeliness, consistency, and comparability; as well as corrections of errors in previously issued financial statements. The Fund is evaluating the impact that will result from adopting the GASB statement and will adopt the GASB statement, as applicable, by its effective date.

GASB issued Statement No. 101, *Compensated Absences* effective for fiscal years beginning after December 15, 2023 (year ending September 30, 2025). This Statement's objective is to align the recognition and measurement guidelines under a unified model and amend certain previously required disclosures, thereby improving the information needs of financial statement users. The Fund is evaluating the impact that will result from adopting the GASB statement and will adopt the GASB statement, as applicable, by its effective date.

NOTE 3 MASTER CUSTODIAN CONTRACT

The Fund administrators have a Master Custodian Contract to reduce risk of loss and to improve security. Maintaining assets with the Master Custodian provides the additional advantage of tracking information provided by the investment managers, since the Master Custodian provides information on investment transactions from an independent source; as well as providing reporting capabilities for the Fund. The Master Custodian of the plan is the Northern Trust Company.

NOTE 4 CASH AND CASH EQUIVALENTS

Custodial credit risk for cash and cash equivalents is the risk that, in the event of a financial institution failure, the Fund may not be able to recover the value of cash and cash equivalents. The Fund, through its investment firms, maintains certain cash and cash equivalent balances. These balances are not required to be collateralized by statute or policy. The Fund's cash and cash equivalents balances are uninsured and unregistered, and are held by the counterparty in the Fund's name. The Fund maintains cash and cash equivalents in investments accounts, as detailed below, as of September 30, 2022 and 2021:

NOTE 4 – CASH AND CASH EQUIVALENTS (CONTINUED)

Funds by Investment Firm	2022	Percentage*	2021	Percentage*
Cash Account	$ 20,791,279	1.25%	$ 26,076,124	1.28%
Bernstein Strategic Core – Plus	11,672,917	0.70%	18,838,056	0.93%
Brandywine Large Cap Value	10,637,413	0.64%	1,449,452	0.07%
ClearBridge Mid Cap Core	9,940,911	0.60%	6,675,075	0.33%
Bernstein Global Plus	3,607,343	0.22%	4,094,795	0.20%
Total Cash and Cash Equivalents	$ 56,649,863	3.41%	$ 57,133,502	2.81%

* Includes cash and investments.

NOTE 5 INVESTMENTS

The majority of the Fund's assets, as of September 30, 2022 and 2021, were investments, which totaled $1,604,832,700 and $1,977,832,527, respectively. As of September 30, 2022 and 2021, the funds were invested in equities (58.07% and 61.73%); debt securities (35.03% and 32.93%); and commodities (3.50% and 2.53%). The fair values of each investment firm's assets, as of September 30, 2022 and 2021, were as follows:

	2022		2021	
	Amount	Percentage*	Amount	Percentage*
Equity Funds by Investment Firm				
Brandywine Large Cap Value	$ 263,739,882	15.87%	$ 301,987,459	14.84%
ClearBridge Mid Cap Core	172,501,223	10.38%	232,075,610	11.40%
Baillie Gifford International Growth Equity	63,694,344	3.83%	118,616,533	5.83%
Artisan International Value Equity	63,397,366	3.82%	77,075,197	3.79%
SSgA Russell 1000 Growth	237,604,174	14.30%	306,896,560	15.08%
SSgA Russell 2000 Index Fund	96,586,209	5.81%	126,093,216	6.20%
SSgA Emerging Market Index Fund	67,235,577	4.05%	93,438,540	4.59%
Total Equity	$ 964,758,775	58.07%	$1,256,183,115	61.73%
Debt Securities Funds by Investment Firm				
Bernstein Strategic Core - Plus	$ 158,981,637	9.57%	$ 179,595,562	8.83%
Bernstein Global Plus	120,114,064	7.23%	160,733,989	7.90%
SSgA U.S. Aggregate Bond Index Fund	246,060,708	14.81%	260,303,510	12.79%
Access Capital ETI	29,649,891	1.78%	34,249,101	1.68%
BlueBay Emerging Market Bond	27,151,991	1.63%	35,182,297	1.73%
Total Debt Securities	581,958,291	35.03%	670,064,459	32.93%
Commodities Funds by Investment Firm				
Gresham Strategic Commodities Fund	$ 58,115,634	3.50%	$ 51,584,953	2.53%
Total Investments	$1,604,832,700	96.59%	$1,977,832,527	97.19%

* Includes cash and investments.

NOTE 5 – INVESTMENTS (CONTINUED)

There is a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. An asset or a liability categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The summary of inputs used to determine the fair valuation of the Fund's investments as of September 30, 2022 and 2021, is as follows:

Equity Securities: These investments are primarily classified as Level 1 of the fair value hierarchy, and are valued using prices quoted in active markets for those securities. The mutual funds are deemed to be actively traded, and support classification of the fair value measurement as Level 1 in the fair value hierarchy. The real estate investment trust securities are classified as Level 1 because these are activity traded securities.

Debt Securities: These investments are primarily classified as Level 2 of the fair value hierarchy, and are valued using market pricing and other observable market inputs for similar securities from several data providers, standards in the industry; or a broker quote in a non-active market. International government issues include structured debt which are valued using inflation adjusted mid evaluation and are classified as Level 2 in the fair value hierarchy. Collateralized auto loan securities, which are included in Collateralized Debt Obligations, are classified in Level 2; and are valued using consensus pricing. The mutual funds are deemed to be actively traded, and support classification of the fair value measurement as Level 1 in the fair value hierarchy.

Commodities Fund: The investment objectives of the fund are to provide a partial price hedge with an attractive risk/return profile, as compared to other products using a commodity index or a pool of commodities. Partial or complete redemption may be made, upon five (5) days' prior written notice, on the last business day of each calendar month or at such times and on such terms as the General Partner of the fund may, in his/her sole discretion, allow. The valuation techniques and inputs categorization within the valuation hierarchy is based upon Level 3; and uses the income approach, where the advisor considers a list of factors to determine whether there has been significant decrease in the relation to normal market activity.

Investment Derivative Instruments: The Fund's derivative financial instruments are valued by a third-party investment fund's manager, based on prevailing market data derived from proprietary models, and are carried at fair value. The Fund had two types of off-balance sheet derivative financial instrument outstanding: swaps and currency forwards. These derivative instruments are financial contracts, whose values depend on the value of one or more underlying assets, or reference rates or financial indices, which dictate the rate of change of output with respect to the financial contracts. The financial instruments categorization within the valuation hierarchy is based upon Level 2.

NOTE 5 – INVESTMENTS (CONTINUED)

As of September 30, 2022 and 2021, the Fund had the following recurring fair value measurements:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets	**Significant Other Observable Inputs**	**Significant Unobservable Inputs**
As of September 30, 2022				
Investments by Fair Value Level	**Total**	**(Level 1)**	**(Level 2)**	**(Level 3)**
Equity Securities				
U.S. Equities *(by Industry)*				
Industrials	$ 107,918,712	$ 107,918,712	$ -	$ -
Consumer Retail	68,866,391	68,866,391	-	-
Information Technology	85,871,322	85,871,322	-	-
Financial Institutions	76,010,984	76,010,984	-	-
Healthcare	58,195,848	58,195,848	-	-
International Equities *(by Industry)*				
Industrials	4,402,320	4,402,320	-	-
Consumer Retail	18,287,388	18,287,388	-	-
Healthcare	4,480,309	4,480,309	-	-
Real Estate Investment Trust Securities	12,207,831	12,207,831	-	-
Total Equity Securities	436,241,105	436,241,105	-	-
Debt Securities				
U.S. Debt Securities				
U.S. Government Issues	104,219,975	-	104,219,975	-
Corporate Bonds	41,983,203	-	41,983,203	-
Credit Card/Automotive Receivables	11,851,810	-	11,851,810	-
U.S. State and Local Government Bonds	4,537,514	-	4,537,514	-
International Debt Securities				
International Government Issues	78,258,118	-	78,258,118	-
Corporate Bonds	34,863,242	-	34,863,242	-
Credit Card/Automotive Receivables	1,662,756	-	1,662,756	-
Other Government Bonds	1,719,082	-	1,719,082	-
Mutual Funds	29,649,892	29,649,892	-	-
Total Debt Securities	308,745,592	29,649,892	279,095,700	-
Commodity Investments				
Gresham Commodities Fund	58,115,634	-	-	58,115,634
Total Investments by Fair Value Level	$ 803,102,331	$ 465,889,997	$ 279,095,700	$ 58,115,634
Investments Measured at the Net Asset Value (NAV)				
SSgA Emerging Market Index Fund	$ 67,235,577	$ -	$ -	$ -
SSgA Russell 1000 Growth Fund	237,604,174	-	-	-
SSgA Russell 2000 Index Fund	96,586,209	-	-	-
SSgA U.S. Aggregate Bond Index Fund	246,060,708	-	-	-
Ballie Gifford International Growth Equity	63,694,344	-	-	-
Artisan International Value Equity	63,397,366	-	-	-
BlueBay Emerging Market Bond	27,151,991	-	-	-
Total Investments Measured at the NAV	801,730,369	-	-	-
Total Investments Measured at Fair Value	$ 1,604,832,700	$ -	$ -	$ -
Investment Derivative Instruments				
Interest Rate Swaps	$ (67,580)	$ -	$ (67,580)	$ -
Credit Defaults Swaps	(4,947)	-	(4,947)	-
Foreign Exchange Forwards	(966,171)	-	(966,171)	-
Total Investment Derivative Instruments	$ (1,038,698)	$ -	$ (1,038,698)	$ -

NOTE 5 – INVESTMENTS (CONTINUED)

		Fair Value Measurements Using		
As of September 30, 2021		**Quoted Prices in Active Markets for Identical Assets**	**Significant Other Observable Inputs**	**Significant Unobservable Inputs**
Investments by Fair Value Level	**Total**	**(Level 1)**	**(Level 2)**	**(Level 3)**
Equity Securities				
U.S. Equities *(by Industry)*				
Industrials	$ 135,855,373	$ 135,855,373	$ -	$ -
Consumer Retail	79,276,824	79,276,824	-	-
Information Technology	92,238,101	92,238,101	-	-
Financial Institutions	103,266,844	103,266,844	-	-
Healthcare	68,038,823	68,038,823	-	-
International Equities *(by Industry)*				
Industrials	3,618,906	3,618,906	-	-
Consumer Retail	11,803,202	11,803,202	-	-
Financial Institutions	3,615,341	3,615,341	-	-
Healthcare	11,854,155	11,854,155	-	-
Real Estate Investment Trust Securities	24,495,500	24,495,500	-	-
Total Equity Securities	534,063,069	534,063,069	-	-
Debt Securities				
U.S. Debt Securities				
U.S. Government Issues	94,399,053	-	94,399,053	-
Corporate Bonds	61,903,246	-	61,903,246	-
Credit Card/Automotive Receivables	10,024,975	-	10,024,975	-
U.S. State and Local Government Bonds	6,780,929	-	6,780,929	-
International Debt Securities				
International Government Issues	116,391,265	-	116,391,265	-
Corporate Bonds	45,948,131	-	45,948,131	-
Credit Card/Automotive Receivables	2,423,347	-	2,423,347	-
Other Government Bonds	2,458,606	-	2,458,606	-
Mutual Funds	34,249,101	34,249,101	-	-
Total Debt Securities	374,578,653	34,249,101	-	-
Commodity Investments				
Gresham Commodities Fund	51,584,953	-	-	51,584,953
Total Investments by Fair Value Level	$ 960,226,675	$ 568,312,170	$ 340,329,552	$ 51,584,953
Investments Measured at the Net Asset Value (NAV)				
SSgA Emerging Market Index Fund	$ 93,438,540	$ -	$ -	$ -
SSgA Russell 1000 Growth Fund	306,896,560	-	-	-
SSgA Russell 2000 Index Fund	126,093,216	-	-	-
SSgA U.S. Aggregate Bond Index Fund	260,303,510	-	-	-
Ballie Gifford International Growth Equity	118,616,533	-	-	-
Artisan International Value Equity	77,075,197	-	-	-
BlueBay Emerging Market Bond	35,182,296	-	-	-
Total Investments Measured at the NAV	1,017,605,852	-	-	-
Total Investments Measured at Fair Value	$ 1,977,832,527	$ -	$ -	$ -
Investment Derivative Instruments				
Interest Rate Swaps	$ (42,747)	$ -	$ (42,747)	$ -
Credit Defaults Swaps	90,578	-	90,578	-
Foreign Exchange Forwards	(113,542)	-	(113,542)	-
Total Investment Derivative Instruments	$ (65,711)	$ -	$ (65,711)	$ -

NOTE 5 – INVESTMENTS (CONTINUED)

Investments measured at the Net Asset Value (NAV): The NAV of an investment company is the company's total assets, minus its total liabilities. This investment category consists of seven (7) funds that include funds both relative return funds and absolute return type funds; the latter are funds that employ dynamic trading strategies aimed at achieving a positive return. Certain investment funds below do not redeem shares on a daily basis. The funds have varying restrictions on liquidity and transferability. The fair values of the investments in this type have been determined using the NAV per share of the investments. Additional information about the nature of investments measured at the Net Asset Value per share is presented in the tables below:

Investment	Fair Value as of September 30, 2022	Fair Value as of September 30, 2021	Unfunded Commitments	Redemption Frequency *(If Currently Eligible)*	Redemption Notice Period
SSgA Emerging Market Index Fund (1)	$ 67,235,577	$ 93,438,540	None	Daily	N/A
SSgA Russell 1000 Growth Fund (2)	237,604,174	306,896,560	None	Daily	N/A
SSgA Russell 2000 Index Fund (3)	96,586,209	126,093,216	None	Daily	N/A
SSgA U.S. Aggregate Bond Index Fund (4)	246,060,708	260,303,510	None	Daily	N/A
Baillie Gifford International Growth Equity (5)	63,694,344	118,616,533	None	Monthly	5 Days
Artisan International Value Equity (6)	63,397,366	77,075,197	None	Monthly	5 Days
BlueBay Emerging Market Bond (7)	27,151,991	35,182,296	None	Daily	N/A
Total Investments Measured at NAV	$ 801,730,369	$ 1,017,605,852			

1) *SSgA Emerging Market Index Fund:* This fund is managed, using a "passive" or "indexing" investment approach, by which SSgA attempts to match, before expenses, the performance of the MSCI Emerging Markets Index, which is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. Equity securities may include common stocks, preferred stocks, depository receipts, or other securities convertible into common stock. Equity securities held by the fund may be denominated in foreign currencies and may be held outside the United States. In some cases, it may not be possible or practicable to purchase all the securities comprising the Index, or to hold them in the same weightings as they represent in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio.

2) *SSgA Russell 1000 Growth Fund:* The fund is managed using an "indexing" investment approach, by which SSgA attempts to match, before expenses, the performance of the Russell 1000 Growth Index over the long term. SSgA will typically attempt to invest in the equity securities comprising the Index, in approximately the same proportions as they are represented in the Index. Equity securities may include common stocks, preferred stocks, depository receipts, or other securities convertible into common stock. The strategy may purchase securities in their initial public offerings ("IPOs"). In some cases, it may not be possible or practicable to purchase all the securities comprising the Index, or to hold them in the same weightings as they represent in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio in question. The strategy may at times purchase or sell index futures contracts, options on those futures, or engage in other transactions involving the use of derivatives, in lieu of investment directly in the securities making up the Index.

NOTE 5 – INVESTMENTS (CONTINUED)

3) *SSgA Russell 2000 Index Fund:* The fund is managed using a "passive" or "indexing" investment approach, by which SSgA attempts to match, before expenses, the performance of the Index. SSgA will typically attempt to invest in the equity securities comprising the Index, in approximately the same proportions as they are represented in the Index. Equity securities may include common stocks, preferred stocks, depository receipts, or other securities convertible into common stock. The strategy may purchase securities in their initial public offerings ("IPOs"). In some cases, it may not be possible or practicable to purchase all the securities comprising the Index, or to hold them in the same weightings as they represent in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio in question.

4) *SSgA U.S. Aggregate Bond Index Fund:* The fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Barclays Capital U.S. Aggregate Bond Index (the "Index") over the long term. The fund is managed using a "passive" or "indexing" investment approach, by which SSgA attempts to replicate, before expenses, the performance of the Index. The fund may attempt to invest in the securities comprising the Index in the same proportions as they are represented in the Index. However, due to the large number of securities in the Index and the fact that many of the securities comprising the Index may be unavailable for purchase, it may not be possible for the fund to purchase some of the securities comprising the Index.

5) *Baillie Gifford International Growth Equity:* The fund is designed to pursue long-term capital appreciation by investing in high-quality, attractively valued, non-U.S. growth companies of all market capitalizations. Their investment process is based on a highly analytical research-driven process, and builds portfolios from the bottom-up. The strategy invests primarily in developed markets, but also may invest up to 20% of the Fund's net assets at market value, at the time of purchase, in emerging markets. Currency hedging is used for defensive purposes, and are only used under certain conditions.

6) *Artisan International Value Equity:* This fund seeks to invest in undervalued companies that are generating high returns on capital, are financially strong and are managed by people who are working to build value over time. The investment team seeks to invest in companies with histories of generating strong free cash flow, improving returns on capital and strong competitive positions in their industries. This criteria helps rule out businesses that are statistically cheap, but whose values are deteriorating over time. The team believes that investing in companies with strong balance sheets helps to reduce the potential for capital risk and provides company management the ability to build value when attractive opportunities are available.

7) *Blue Bay Emerging Market Bond:* This fund invests predominantly in fixed income securities issued by emerging market countries or issuers based in such countries. The fund seeks to generate excess returns via superior country and issue selection through an in-depth country and security selections process focusing on value in external credit spreads, local currencies and local interest rates. Particular emphasis is given to avoiding deteriorating credits and one-off currency devaluations. The fund has a focus on absolute returns, both their long-only and alternative strategies use short exposures (either directly or via credit derivatives) as one of a number of techniques designed to deliver absolute-style returns. There is a strong emphasis on capital preservation; the use of credit derivatives helps to maximize portfolio efficiency and potentially minimize risk.

NOTE 5 – INVESTMENTS (CONTINUED)

During the years ended September 30, 2022 and 2021, the Fund recognized no transfers to/from Level 1 or 2. The Fund's policy is to recognize transfers to/from Level 1, Level 2, and Level 3 at the end of the reporting period, utilizing fair value at the beginning of the period.

The annual money-weighted rate of return on OPEB plan investments is calculated as the internal rate of return on OPEB plan investments, net of OPEB plan investment expense. OPEB plan investment expense should be measured on the accrual basis of accounting. Inputs to the internal rate of return calculation should be determined at least monthly. However, the use of more frequently determined inputs is encouraged. The valuation of the weighted rate of return was (19.68%) and 21.66% for fiscal years 2022 and 2021, respectively.

Custodial Credit Risk is the risk that, in the event of the failure of the counterparty to a transaction, a government may not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The counterparty is the party that pledges collateral or repurchase agreement securities to the government; or that sells investments to, or buys them for, the government.

The Fund's investments are uninsured and unregistered, and are held by the counterparty in the Fund's name. The Fund is also subject to certain credit, interest rate, and foreign currency risks.

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment in a foreign currency. The Fund does not have a formal policy for limiting its exposure to changes in exchange rates. The Fund's investments as of September 30, 2022 and 2021, held in currencies other than U.S. dollars, were as follows:

As of September 30, 2022:

International Securities	Short-Term and Cash	Convertible and Fixed Income	Total
AUSTRALIAN DOLLAR	$ 1,113,421	$ 5,992,495	$ 7,105,916
BRAZILIAN REAL	209,801	-	209,801
BRITISH POUND STERLING	(156,963)	5,164,385	5,007,422
CANADIAN DOLLAR	207,577	4,515,804	4,723,381
CHILEAN PESO	115,529	-	115,529
CHINESE YUAN RENMINBI	-	160,139	160,139
EURO	158,560	50,228,453	50,387,013
HK OFFSHORE CHINESE YUAN RENMINBI	(3)	-	(3)
INDIAN RUPEE	24,498	-	24,498
INDONESIAN RUPIAH	5,842	1,536,965	1,542,807
JAPANESE YEN	285,876	26,371,481	26,657,357
MALAYSIAN RINGGIT	12,198	872,993	885,191
MEXICAN PESO	(25,977)	-	(25,977)
NEW TAIWAN DOLLAR	230,677	-	230,677
NEW ZEALAND DOLLAR	213,651	305,311	518,962
POLISH ZLOTY	29,671	-	29,671
RUSSIAN RUBLE	57,804	-	57,804
SINGAPORE DOLLAR	(2,613)	-	(2,613)
SOUTH AFRICAN RAND	132,407	-	132,407
SOUTH KOREAN WON	751,570	8,265,297	9,016,867
SWISS FRANC	95,073	-	95,073
THAI BAHT	-	646,017	646,017
Totals	$ 3,458,599	$ 104,059,340	$ 107,517,939

NOTE 5 – INVESTMENTS (CONTINUED)

As of September 30, 2021:

International Securities	Short-Term and Cash	Convertible and Fixed Income	Total
AUSTRALIAN DOLLAR	$ 22,608	$ 6,886,354	$ 6,908,962
BRAZILIAN REAL	74,543	-	74,543
BRITISH POUND STERLING	70,103	7,558,624	7,628,727
CANADIAN DOLLAR	(128,071)	14,534,518	14,406,447
COLOMBIAN PESO	50,677	530,890	581,567
CHINESE YUAN RENMINBI	(8,595)	121,031	112,436
EURO	(64,350)	62,234,996	62,170,646
INDIAN RUPEE	(18,041)	-	(18,041)
INDONESIAN RUPIAH	72,322	1,024,264	1,096,586
JAPANESE YEN	346,855	29,003,235	29,350,090
MALAYSIAN RINGGIT	49,700	1,469,619	1,519,319
MEXICAN PESO	(21,468)	1,892,757	1,871,289
NEW ZEALAND DOLLAR	77,421	1,644,419	1,721,840
NORWEGIAN KRONE	265	-	265
PERUVIAN NUEVO SOL	-	27,948	27,948
RUSSIAN RUBLE	1,542	1,266,329	1,267,871
SOUTH AFRICAN RAND	82,679	1,422,513	1,505,192
SOUTH KOREAN WON	154,502	7,121,676	7,276,178
SWEDISH KRONA	31,877	(79,542)	(47,665)
SWISS FRANC	7,955	-	7,955
THAI BAHT	-	793,354	793,354
Totals	$ 805,524	$ 137,452,985	$ 138,255,509

Credit Risk is the risk that an issuer to an investment will not fulfill its obligations. The average quality of all bond holdings in each investment manager's portfolio should be maintained at "A" or higher. For portfolios that were not individually managed at September 30, 2022, the credit quality of "AA-" for the portfolios were par with the index value of "BBB-." Exchange-traded derivatives that are valued using quoted prices are classified within Level 1 of the valuation hierarchy. The Fund has not failed to access collateral, when required. Since these derivative products have been established for some time, the Fund uses models that are widely accepted in the financial services industry. These models reflect the contractual terms of the derivatives, including the period to maturity; and market-based parameters such as interest rates, volatility, and the credit quality of the counterparty. Further, many of these models do not contain a high level of subjectivity, as the methodologies used in the models do not require significant judgment, and inputs to the model are readily observable from actively quoted contracts and credit default swaps. Such instruments are generally classified within Level 2 on the valuation hierarchy. The aggregate fair value of derivatives in net asset positions, net of collateral posted by the counter party; and the effect of master netting arrangements are reflected in net unrealized gain (loss) on Foreign Currency Forward Contracts, in the tables on pages 29 and 30.

Although the Fund executes hedging derivative instruments with various counterparties; eight contracts, comprising approximately 90 percent of the net exposure to credit risk, are based with two counterparties. There are no significant concentrations of net exposure to credit risk that has not been reduced by collateral and other off-sets.

NOTE 5 – INVESTMENTS (CONTINUED)

As of September 30, 2022 and 2021, the average quality ratings by investment firm were as follows:

Investment Firm	2022	2021
Bernstein Strategic Core – Plus	AA-	AA-
Bernstein Global Plus	A+	A
Access Capital ETI	AAA	AAA
SSgA U.S. Aggregate Bond Index Fund	AA2	Aa2
BlueBay Emerging Market Bond	A+	BBB-

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund addresses interest rate risk through a process that focuses on the review of investment managers and fund returns. The Fund also uses an independent consultant to examine how sensitive the fixed income portfolios' underlying assets are to movements in interest rates, and to recommend any appropriate investment manager changes.

For the years ended September 30, 2022 and 2021, the average duration in years by investment firm was as follows:

Investment Firm	2022	2021
Bernstein Strategic Core - Plus	5.69	6.33
Bernstein Global Plus	6.51	8.05
Access Capital ETI	5.82	3.72
SSgA U.S. Aggregate Bond Index Fund	6.19	6.71
BlueBay Emerging Market Bond	5.48	6.42

Derivative Financial Instruments: In accordance with the Fund's investment policies, the Fund regularly invests in derivative financial instruments with off-balance-sheet risk in the normal course of its investing activities, in order to enhance return on investment and manage exposure to certain risks within the fund.

Derivative instruments are financial contracts whose values depend on the value of one or more underlying assets, reference rates, or financial indices. During fiscal year, the Fund invested directly in forward currency contracts.

As of September 30, 2022 and 2021, the Fund had two types of off-balance-sheet derivative financial instruments outstanding: swaps and currency forwards. The Swaps represents Interest Swaps and Credit Default Swaps, which are used to hedge interest rate and credit exposure risks. Currency forwards represent foreign exchange contracts, and are used to effect settlements and to protect the base currency value of portfolio assets denominated in foreign currencies, against fluctuations in the exchange rates of those currencies or to gain exposure to the change in market value of a specific currency. A forward foreign currency exchange contract is a commitment to purchase or sell a foreign currency at a future date and at a negotiated price. The credit risk of currency contracts that are exchange-traded lies with the clearinghouse of the exchange where the contracts are traded. The credit risk of currency contracts traded over the counter lies with the counterparty, and exposure usually is equal to the unrealized profit on in-the-money contracts. The market risk in foreign currency contracts is related to adverse movements in currency exchange rates.

NOTE 5 – INVESTMENTS (CONTINUED)

Below is the list of derivatives aggregated by investment type, as of September 30, 2022 and 2021:

As of September 30, 2022:

	Change in Fair Value		Fair Value at September 30, 2022		
Investment Derivatives	**Classification**	**Amount**	**Classification**	**Amount**	**Notional Amount**
Credit Default Swaps Bought	Interest Revenue	$ -	Swaps	$ -	$ -
Credit Default Swaps Written	Interest Revenue	318,905	Swaps	(4,947)	$148,014,000
Fixed Income Futures Long	Interest Revenue	(768,396)	Futures	-	$ -
Fixed Income Futures Short	Interest Revenue	11,211	Futures	-	$ -
Fixed Income Options Bought	Interest Revenue	(13)	Options	-	$ -
Foreign Exchange Forwards	Interest Revenue	21,488,877	Forwards	3,351,561	$ 73,120,436
Foreign Exchange Forwards	Interest Revenue	(22,492,431)	Forwards	(4,317,732)	$107,521,107
Pay Fixed Interest Rate Swaps	Interest Revenue	753,972	Swaps	1,458,002	$ -
Receive Fixed Interest Rate Swaps	Interest Revenue	(1,057,011)	Swaps	(1,525,582)	$ -
Total		**$ (1,744,886)**		**$ (1,038,698)**	

As of September 30, 2021:

	Change in Fair Value		Fair Value at September 30, 2021		
Investment Derivatives	**Classification**	**Amount**	**Classification**	**Amount**	**Notional Amount**
Credit Default Swaps Bought	Interest Revenue	$ (259,586)	Swaps	$ 230,454	$ 1,879,240
Credit Default Swaps Written	Interest Revenue	12,321	Swaps	(139,876)	$ 2,853,000
Fixed Income Futures Long	Interest Revenue	622,285	Futures	-	$ 13,850,875
Fixed Income Futures Short	Interest Revenue	576,194	Futures	-	$ 17,792,860
Fixed Income Options Bought	Interest Revenue	7,029	Options	-	$ -
Foreign Exchange Forwards	Interest Revenue	1,582,182	Forwards	(113,542)	$109,910,508
Pay Fixed Interest Rate Swaps	Interest Revenue	40,195	Swaps	502,853	$169,620,000
Receive Fixed Interest Rate Swaps	Interest Revenue	(256,124)	Swaps	(545,600)	$105,760,000
Total		**$2,324,496**		**$ (65,711)**	

Contingencies:

All the Fund's derivative instruments include provisions that require the Fund to post collateral in the event its credit rating falls below "AA" as issued by Standard & Poor's, or "Aa" as issued by Moody's Investors Services. The collateral posted is to be in the form of U.S. Treasury funds in the amount of the fair value of hedging derivative instruments in liability positions, net of the effect of applicable netting arrangements. If the Fund does not post collateral, the hedging derivative instrument may be terminated by the counterparty. If the collateral posting requirements were triggered, the Fund would be required to post the aggregate fair value in collateral to its counterparties. The District had a rating of "Aaa" for both fiscal years 2022 and 2021; therefore, no collateral was required to be posted for these fiscal years.

NOTE 5 – INVESTMENTS (CONTINUED)

The net unrealized gain (loss) on foreign currency forward contracts for the years ended September 30, 2022 and 2021, were as follows:

	2022		2021	
	Cost	Unrealized Gain/(Loss)	Cost	Unrealized Gain/(Loss)
Foreign Currency Contracts Purchased				
AUSTRALIAN DOLLAR (AUD)	$ 10,811,655	$ (708,995)	$ -	$ -
BRAZILIAN REAL (BRL)	7,687,599	(107,064)	4,922,482	(43,798)
CANADIAN DOLLAR (CAD)	5,518,423	(307,614)	-	-
COLOMBIAN PESO (COP)	198,271	(7,740)	-	-
CHINESE YUAN (CNH)	21,101,031	(966,289)	20,301,666	5,648
CHILEAN PESO (CLP)	2,580,049	(103,444)	137,685	(3,840)
CZECH KORUNA (CZK)	230,093	(1,833)	268,118	(5,428)
DANISH KRONE (DKK)	493,258	(9,713)	821,743	(16,804)
EURO (EUR)	4,046,531	58,822	12,179,197	(235,225)
BRISTISH POUND STERLING (GBP)	7,037,555	(385,768)	6,637,068	(120,907)
HUNGARIAN FORINT (HUF)	154,442	(10,029)	214,041	(9,962)
INDIAN RUPEE (INR)	2,465,530	(1,043)	3,324,605	10,777
NEW ISRAELI SHEKEL (ILS)	364,988	(12,622)	391,266	(3,028)
JAPANESE YEN (JPY)	11,033,190	(133,929)	12,165,100	(191,510)
SOUTH KOREAN WON (KRW)	5,454,678	(369,077)	-	-
NEW ZEALAND DOLLAR (NZD)	5,238,387	(341,712)	2,160,944	(18,084)
NORWEGIAN KRONE (NOK)	1,419,845	(14,065)	1,913,018	4,153
POLISH ZLOTY (PLN)	2,936,847	(121,781)	554,169	(16,269)
SINGAPORE DOLLAR (SGD)	1,773,932	(34,296)	531,680	1,808
SWEDISH KRONA (SEK)	2,129,211	(4,190)	1,153,834	(18,130)
SWISS FRANC (CHF)	3,913,086	(15,506)	-	-
NEW TAIWAN DOLLAR (TWD)	4,092,846	(258,124)	1,679,855	(5,702)
UNITED STATES DOLLAR (USD)	86,488,153	-	-	-
SOUTH AFRICAN RAND (ZAR)	5,155,015	(164,966)	1,664,574	(5,054)
Total Contracts Purchased		(4,020,978)		(671,355)
Foreign Currency Contracts Sold				
AUSTRALIAN DOLLAR (AUD)	(15,384,432)	1,113,415	2,878,711	5,357
BRAZILIAN REAL (BRL)	(10,265,710)	209,801	3,301,688	74,543
BRISTISH POUND STERLING (GBP)	(3,345,867)	56,072	238,327	4,948
CANADIAN DOLLAR (CAD)	(4,596,418)	185,983	6,383,056	(38,998)
COLOMBIAN PESO (COP)	-	-	331,235	(1,639)
CHINESE YUAN (CNH)	(414,465)	(3)	1,707,325	(8,595)
CHILEAN PESO (CLP)	(3,720,725)	115,529	-	-
EURO (EUR)	(9,041,845)	(157,812)	7,564,343	154,956
INDIAN RUPEE (INR)	(1,272,847)	24,498	1,641,139	(18,041)
INDONESIAN RUPIAH (IDR)	(379,686)	5,842	1,642,990	8,669
JAPANESE YEN (JPY)	(5,209,714)	70,965	3,749,927	36,633
SOUTH KOREAN WON (KRW)	(11,691,824)	751,570	4,183,824	154,502
MALAYSIAN RINGGIT (MYR)	(239,456)	12,197	726,965	7,811
MEXICAN PESO (MXN)	(1,808,914)	(25,977)	1,312,925	7,743
NEW ZEALAND DOLLAR (NZD)	(3,867,820)	207,512	3,404,111	77,421
NORWEGIAN KRONE (NOK)	-	-	1,627,918	264
POLISH ZLOTY (PLN)	(1,925,041)	29,671	-	-
RUSSIAN RUBLE (RUB)	-	-	860,464	1,541
SINGAPORE DOLLAR (SGD)	(1,272,274)	(2,613)	-	-
NEW TAIWAN DOLLAR (TWD)	(4,064,769)	230,677	-	-
UNITED STATES DOLLAR (USD)	(105,836,463)	-	-	-
SOUTH AFRICAN RAND (ZAR)	(3,911,658)	132,407	1,536,866	82,692
SWEDISH KRONA (SEK)	-	-	11,302	51
SWISS FRANC (CHF)	(4,074,687)	95,073	244,577	7,955
Total Contracts Sold		3,054,807		557,813
Net Unrealized (Loss) Gain on Foreign Currency Forward Contracts		$ (966,171)		$ (113,542)

NOTE 6 NET OPEB LIABILITY

The components of the net OPEB liability for the District of Columbia as of September 30, 2022 and 2021, were as follows:

	2022	2021
Total OPEB Liability	$1,823,480,465	$1,711,707,372
Fund Fiduciary Net Position	1,650,287,153	2,025,061,908
Net OPEB Liability (Asset)	$ 173,193,312	$ (313,354,536)
Fund Fiduciary Net Position as a Percentage of the Total OPEB Liability	90.50%	118.31%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2022 and 2021, using the following actuarial assumptions, applied to all periods in the measurement and rolled forward to the measurement date as of September 30, 2022 and 2021:

	2022	2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed	Level Percent of Pay, Closed
Remaining Amortization Period	14 years beginning with fiscal year end 2022	15 years beginning with fiscal year end 2021
Asset Valuation Method	5-year smoothed Actuarial Value	5-year smoothed Actuarial Value
Investment Return	6.50%	6.50%
Discount Rate	6.50%	6.50%
Salary Increase Rate	3.50% (plus merit scale)	3.50% (plus merit scale)
Medical Inflation Rate	7.0% grading down to 4.0% Assumption utilizes the Society of Actuaries Getzen Medical Trend Model, and reaches the ultimate medical inflation rate in 2041.	6.0% grading down to 4.0% Assumption utilizes the Society of Actuaries Getzen Medical Trend Model, and reaches the ultimate medical inflation rate in 2041.
Mortality	The RP-2014 Healthy Employee Mortality Table with the MP-2020 Improvement Scale, fully generational, was used for healthy lives both pre- and post-retirement. For disabled lives, the RP-2014 Disabled Life Mortality Table was used. General employees use 120% of the Pub-G 2010 General Headcount-Weighted tables for Employees, Healthy Retirees, and Disabled Retirees, projected fully generational with Scale MP-2020.	The RP-2014 Healthy Employee Mortality Table with the MP-2020 Improvement Scale, fully generational, was used for healthy lives both pre- and post-retirement. For disabled lives, the RP-2014 Disabled Life Mortality Table was used. General employees use 120% of the Pub-G 2010 General Headcount-Weighted tables for Employees, Healthy Retirees, and Disabled Retirees, projected fully generational with Scale MP-2020.

NOTE 6 – NET OPEB LIABILITY (CONTINUED)

Long-term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the target asset allocation as of September 30, 2022 and 2021 are shown below. The 2022 and 2021 rates of return are geometric real rates of return.

	2022		2021	
Asset Class	**Long-Term Expected Real Rate**	**Target Allocation**	**Long-Term Expected Real Rate**	**Target Allocation**
U.S. Equity	4.8%	45.0%	4.1%	45.0%
International Equity	5.2%	9.0%	5.2%	9.0%
Emerging Market Equity	5.7%	4.0%	5.3%	4.0%
Core Fixed Income	1.7%	24.0%	(0.1%)	24.0%
Developed Markets Fixed Income	1.1%	10.0%	(0.7%)	10.0%
Emerging Market Debt	3.8%	3.0%	5.3%	3.0%
Commodities	3.8%	5.0%	1.7%	5.0%
Cash	0.9%	0.0%	(0.7%)	0.0%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the District of Columbia, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current discount rate:

	2022		
	Impact of Change in Discount Rate		
	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Net OPEB Liability (Asset)	$ 454,437,556	$ (173,193,312)	$ (54,139,101)

	2021		
	Impact of Change in Discount Rate		
	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Net OPEB Liability (Asset)	$ (44,881,144)	$ (313,354,536)	$ (531,016,805)

NOTE 6 – NET OPEB LIABILITY (CONTINUED)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District of Columbia, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate.

	2022		
	Impact of Change in Healthcare Cost Trend Rate		
	1% Decrease (6.0% to 3.0%)	Trend Rates (7.0% to 4.0%)	1% Increase (8.0% to 5.0%)
Net OPEB Liability (Asset)	$ (84,336,714)	$ 173,193,312	$ 500,819,065

	2021		
	Impact of Change in Healthcare Cost Trend Rate		
	1% Decrease (5.0% to 3.0%)	Trend Rates (6.0% to 4.0%)	1% Increase (7.0% to 5.0%)
Net OPEB Liability (Asset)	$ (560,108,789)	$ (313,354,536)	$ 16,001

NOTE 7 DISTRICT CONTRIBUTIONS

The District, historically, makes its contributions to the Fund near the completion of its fiscal year, and the contribution is distributed by the Fund to the investment managers within a month of receipt from the District. For the years ended September 30, 2022 and 2021, the District contributed $53,000,000 and $53,600,000, respectively, to the Fund. As of September 30, 2022 and 2021, the District contribution were invested in the following fund(s):

FUND	**2022**	**2021**
SSgA U.S. Aggregate Bond Index Fund	$28,000,000	$53,600,000
Northern Trust Cash Fund	25,000,000	-
Total	$53,000,000	$53,600,000

NOTE 8 CONTINGENCIES

The Fund is party to various legal proceedings, many of which occur in the normal course of the Fund's operations. These legal proceedings are not, in the opinion of the Office of the Attorney General of the District of Columbia, likely to have a material adverse impact on the Fund's financial position as of September 30, 2022 and 2021.

The Fund invests in various investment securities. Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the accompanying statements of net position.

NOTE 8 – CONTINGENCIES (CONTINUED)

Fund contributions are made, and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE 9 SUBSEQUENT EVENTS

The Fund has evaluated events subsequent to September 30, 2022 and through January 3, 2023, the date the financial statements were available to be issued, and determined there have not been any events that have occurred that would require adjustments to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OTHER POST-EMPLOYMENT BENEFITS FUND
SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY (ASSET)
SEPTEMBER 30, 2022 AND 2021

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Total OPEB liability - beginning of year	$ 1,711,707,372	$ 1,621,634,069	$ 1,464,701,414	$ 1,391,000,862	$ 1,224,600,000	$ 1,115,776,087
Service cost	60,548,250	58,067,089	54,832,446	50,105,647	52,834,621	49,609,972
Interest	110,365,063	104,624,527	94,484,340	89,812,264	79,095,491	72,123,416
Difference between expected and actual experience	35,531,450	12,737,103	30,163,179	1,626,569	(728,816)	(549,321)
Changes in assumptions	(66,664,119)	(60,918,795)	-	(48,999,824)	50,939,949	-
Insurance carrier premiums, net of retiree contributions	(28,007,551)	(24,436,621)	(22,547,310)	(18,844,104)	(15,740,383)	(12,370,154)
Net change in total OPEB liability	111,773,093	90,073,303	156,932,655	73,700,552	166,400,862	108,823,913
Total OPEB liability - end of year (a)	$ 1,823,480,465	$1,711,707,372	$ 1,621,634,069	$1,464,701,414	$ 1,391,000,862	$ 1,224,600,000
Fund Fiduciary Net Position						
Fund Fiduciary net position - beginning of year	$ 2,025,061,908	$ 1,640,681,507	$ 1,509,102,271	$ 1,462,029,859	$ 1,366,282,061	$ 1,197,441,214
Contributions - employer and annuitants	54,280,033	54,516,183	48,189,387	46,834,228	45,206,225	31,521,466
Net investment income	(398,892,806)	355,888,055	107,411,644	20,646,604	67,385,188	150,514,898
Insurance carrier premiums (benefit payments)	(29,287,583)	(25,352,804)	(23,436,697)	(19,678,332)	(16,446,608)	(12,891,620)
Administrative expense	(874,399)	(671,033)	(585,098)	(730,088)	(397,007)	(303,897)
Net change in plan fiduciary net position	(374,774,755)	384,380,401	131,579,236	47,072,412	95,747,798	168,840,847
Fund fiduciary net position - end of year (b)	$ 1,650,287,153	$ 2,025,061,908	$ 1,640,681,507	$ 1,509,102,271	$ 1,462,029,859	$ 1,366,282,061
Net OPEB liability (asset) - end of year ((a) - (b))	$ 173,193,312	$ (313,354,536)	$ (19,047,438)	$ (44,400,857)	$ (71,028,997)	$ (141,682,061)
Fund fiduciary net position as a percentage of total OPEB liability	90.50%	118.31%	101.17%	103.03%	105.11%	111.57%
Covered payroll	$ 2,439,212,232	$ 2,331,261,622	$ 2,173,453,518	$ 2,038,767,088	$ 1,940,801,248	$ 1,820,046,000
Fund net OPEB liability (asset) as a percentage of covered payroll	7.10%	-13.44%	-0.88%	-2.18%	-3.66%	-7.78%

*These schedules are presented to illustrate the requirement to present information for 10 years. However, until a full 10-year trend is compiled, OPEB plans should present information for those years for which the information is available.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OTHER POST-EMPLOYMENT BENEFITS FUND
SCHEDULES OF CONTRIBUTIONS AND RELATED RATIOS
SEPTEMBER 30, 2022 AND 2021

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contributions	$ 53,000,000	$ 53,600,000	$ 47,300,000	$ 46,000,000	$ 44,500,000	$ 31,000,000	$ 29,000,000	$ 91,400,000	$ 86,600,000	$ 85,200,000
Contributions in relation to the actuarially determined contributions	(53,000,000)	(53,600,000)	(47,300,000)	(46,000,000)	(44,500,000)	(31,000,000)	(29,000,000)	(91,400,000)	(86,600,000)	(107,778,000)
Excess contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (22,578,000)
Covered payroll	$2,439,212,232	$2,331,261,622	$2,173,453,518	$2,038,767,088	$1,940,801,248	$1,820,046,000	$1,771,334,730	$1,608,000,000	$1,484,300,000	$1,441,100,000
Contributions as a percentage of covered payroll	2.17%	2.30%	2.18%	2.26%	2.29%	1.70%	1.64%	5.68%	5.83%	5.91%

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OTHER POST-EMPLOYMENT BENEFITS FUND
SCHEDULES OF INVESTMENT RETURNS
SEPTEMBER 30, 2022 AND 2021

	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	(19.68%)	21.66%	7.05%	1.40%	4.88%	12.49%

*These schedules are presented to illustrate the requirement to present information for 10 years. However, until a full 10-year trend is compiled, OPEB plans should present information for those years for which the information is available.

The Schedules of Changes in the Net OPEB Liability (Asset) and related ratios presents multiyear trend information about whether the Fund's OPEB liability is increasing or decreasing over time, relative to the Fund's fiduciary net position. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or funding limitation on the pattern of cost sharing between the employer and Fund members in the future.

The Total OPEB Liability as of September 30, 2022, is an estimate based on a roll-forward of the 2021 valuation results for the Fund.

Method and Assumptions used in Calculations of Actuarially Determined Contributions

Valuation Date: Actuarially determined contribution rates are calculated based on the actuarial valuation performed one year prior to the start of the fiscal year.

Actuarial Method	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed
Remaining Amortization Period	13 years beginning with fiscal year end 2022
Asset Valuation Method	5- year smoothed Actuarial Value
Investment Rate of Return	6.50%
Discount Rate	6.50%
Salary Increase Rate	3.50% (plus merit scale)
Medical Inflation Rate	7.0% grading down to 4.0% Assumption utilizes the Society of Actuaries Getzen Medical Trend Model, and reaches the ultimate medical inflation rate in 2041.
Mortality	The RP-2014 Healthy Employee Mortality Table with the MP-2021 Improvement Scale, fully generational RP-2014 Disabled Life Mortality Table for disabled lives.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

To the Mayor, Members of the Council of the Government of the District of Columbia and
Inspector General of the Government of the District of Columbia
Washington, D.C.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Government of the District of Columbia Other Post-Employment Benefits Fund (the Fund), a fiduciary fund of the Government of the District of Columbia, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated January 3, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the Fund's financial statements. However, providing an opinion on compliance with those provisions was not an objective of our

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audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McConnell & Jones

Washington, D.C.
January 3, 2023

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(202) 724-TIPS (8477) and (800) 521-1639

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